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SUBJECT: RWANDA UPDATE FOR 2007 PRESIDENT'S REPORT ON AGOA

REF: STATE 22438

11. SUMMARY. In accordance with reftel, the following provides an update for the 2007 President's Report on AGOA for Rwanda. END SUMMARY.

12. Market Economy: The government has established important oversight for managing the economic health of the country, including tax collection, banking, trade agreements, anti-corruption, and fiscal policy. Almost 90% of the population remains in subsistence agriculture, but the government is also emphasizing the importance of promoting private investment, particularly foreign, as an engine of development. The government has implemented several initiatives to increase investment and exports. The Rwandan Investment and Export Promotion Agency has developed information materials, organized trade fairs domestically and abroad, and established assistance offices in Rwanda to encourage and assist investors. Agri-business and mining drive the exports, and tourism shows promise for the future, but Rwanda's economy remains challenged by its geography, small market, and high energy costs.

Trade Liberalization: There are no significant trade barriers that affect the importation of goods and services to Rwanda, and the government is continuing toward further liberalization. The government continues to be extremely open to and encouraging of US investment. Few parastatals remain to be privatized, and the government appears committed doing so in a transparent manner. Many commercial laws, including the establishment of a commercial court system, are still in the development stages, which render a few existing disputes unresolved.

13. Political Pluralism: In 2003, President Kagame was elected to a seven-year term, with 95 percent of the vote, and members of Parliament were also elected. In February 2006, local officials were elected to five-year terms in elections at the cell, sector, and district levels, with the Kigali City election held on March 4. The next legislative elections will be held in 2008, Presidential elections in 2010, and local elections in 2011. The 2003 presidential and legislative elections were peaceful but marred by irregularities. The most recent elections were generally considered free and fair, with no indication of coercion, harassment, or intimidation of voters.

14. Rule of Law: The government continues to make efforts to strengthen the independence and capacity of the judiciary. In 2004, the regular courts were inoperative for ten months due to substantial reforms, including the dismissal/replacement of many judges and the training of court personnel. The government has plans to increase the

presence of lawyers throughout the country, to improve access to legal services, and to establish circuit courts throughout the country, to reduce the backlog of pending cases. A new legal training institute was due to begin operation in March 2006.

15. Anti-Corruption: The extent of corruption in Rwanda is limited due, in part, to the government's active efforts to combat it. In 2003, it established the Ombudsman's Office and the Auditor General's Office to investigate corruption within government, focus on corruption prevention, and review financial disclosure reports of senior government officials to ensure transparency and accountability. The government has provided training to the National Police to improve professionalism and to promote respect for rule of law.

16. Poverty Reduction: The government has made efforts, with measurable results, to reduce poverty and to improve access to health care and education, despite its severely limited resources. Under its national policy of universal primary education, the government provides free primary education to all children. A joint government-donor task force is focusing on improvement of girls' education. The government is attempting to improve access to health care through greater decentralization to ensure adequate health services at the local level. Rwanda's Poverty Reduction Growth Facility programs, which are tied to the successful cancellation of multi-lateral debt, are considered on track by the IMF.

17. Labor: Rwanda has ratified all eight of the core ILO Conventions, including ILO Convention 138 on minimum age and ILO Convention 182 on the worst forms of child labor. Rwandan law provides all salaried workers, including some civil servants, with the right to form and join labor unions without prior authorization, and workers exercised this right in practice. While all unions must register for official recognition, there were no reports of the government denying recognition. The law prohibits unions from having political affiliations and from publicly expressing political opinions. It also provides for collective bargaining, but this right was severely limited in practice. In November 2005, the government created a National Labor Council with equal representation from government, employers, and labor unions.

18. Child Labor: Except for subsistence agricultural workers, the law prohibits children under the age of 16 from working outside of the household without their parents' or guardians' permission, though child labor remains common in the agricultural sector. Children are trafficked internally for commercial sexual exploitation, and domestic work. The government recently released its Youth Employment Policy, which outlines its plans to conduct a child labor study, strategies for withdrawal of children involved in child labor, and mechanisms for prevention. The government supports two U.S. DOL-funded regional projects targeting child soldiers and children affected by HIV/AIDS and several UNICEF-funded projects to combat child prostitution and child labor.

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